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of De Witt's, and is the first example of the establishment of a sinking-fund.¹

Perhaps it may excite surprise, that the Government of the Pope was the only one in Europe then enjoying a degree of credit equal to that of the Dutch. In 1685, the debts of the Pontifical Government amounted to about eleven millions sterling; and the Pope, Innocent XI., finding they were selling at 122 per cent., although bearing interest at only 4 per cent., offered the holders the alternative of taking back their capital or of lowering the interest upon it to 3 per cent. The reduction was not only assented to, but the 3 per cent. stock shortly afterwards rose to 112 in the market.²

(END OF PART III.)

*The Principles which should regulate the Reassurance
of Risks.*

THE extent to which the interchange of risks is made by Assurance Companies at the present day, renders it of no small importance that a clear understanding should exist as to the terms upon which these contracts are to be carried out. There was a time, we believe, when a proposition from one Company to effect an assurance with another was looked upon with coldness, if not with suspicion; and the fact that such proposals were often made when the proposing Office declined to assume any portion of the risk itself, would seem, very naturally, to give rise to such a sentiment. This practice, however, we believe, is now quite on the decline; and with well-conducted Companies it is pretty clearly understood that these transactions must be in every respect perfectly *bond fide*, and that the arrangement of them must be entirely just and equal, as between all the parties concerned. As the wealth of the country increases, the cases are becoming more frequent in which the sums to be assured upon individual lives are larger than any single Company would care to sustain the liability of; and as propositions of this nature are being at intervals made to all, each becomes sensible of the advantages of the system of reassurance, and of the necessity of its being based upon principles of perfect fairness and equality. It was, no doubt, under these impressions that the managers and actuaries of several Offices were induced, some years back, to draw up the following "Regulations." The object in view will be ap-

¹ *Hist. Com.* ii. 463.

² *Ibid.* ii. 622.

parent on a perusal of them ; and although they have not hitherto been formally adopted, it is hard to believe that the adoption of them, with certain modifications, would not be attended with advantage.

The “Regulations,” as originally framed, are as follows :—

REGULATIONS TO BE OBSERVED IN CASES OF REASSURANCE.

As it frequently becomes necessary for Life Assurance Offices to re-assure with each other certain portions of the assurances effected with them; and as it is inexpedient that such reassurances should be subject to the conditions insisted upon in ordinary cases, it is suggested that the following regulations be observed in all such transactions:—

1. The Office receiving a proposal, and wishing to reassure, shall communicate to the Offices with which its reassurances are intended to be effected, every particular which shall come to its knowledge in relation to the proposal in question, or to any former proposals it may have received upon the same life, and shall give the necessary facilities for enabling such Offices to furnish themselves with certified copies of every document in its possession connected with such proposals.

2. When an acceptance of the proposal, in writing, signed by the actuary, secretary, or other principal officer, shall have been issued, the liability of the Office issuing such acceptance shall be held to have attached immediately on completion of the assurance with the principal Office, provided there shall be no undue delay in the payment of the reassurance premium.

3. Subject to the like proviso, the payment of renewal premiums to the principal Office shall be held as payment to the Offices reassured with.

4. The reassurances may be effected by the endorsement of a “guaranty” (duly stamped if required) on a copy of the policy issued by the principal Office.

5. The form of such guaranty to be as follows:—

“The directors of the A Assurance Company having granted an assurance on the life of....., the terms and conditions of which are within set forth, and the directors of the B Company having accepted a proposal for a reassurance to the extent of.....pounds in respect thereof, upon the like terms and conditions, subject to the exceptions and provisos hereinafter mentioned; now, we.....

.....being three of the directors of the said B Assurance Company, in consideration of the annual premium of.....payable when and as the within-mentioned premium is payable (the first payment of which said annual premium of £.....is hereby acknowledged to have been received), do agree to relieve the directors of the said A Company of their risk under the assurance within recited to the extent of £.....and fully to indemnify them to such extent against all contingencies to which they may be liable thereunder.

“Provided always, that the said B Company shall be entitled to receive its due proportion of any extra premium which may become payable, and be paid to the said A Company in respect of the said within-recited assurance.

“ Provided also, that the said A Company shall have no claim to any bonus or addition to the sum hereby guaranteed other than that, if any, to be allotted in accordance with the rules of the said B Company.

“ In witness whereof, we, the three directors above-mentioned, have hereunto set our hands, this.....day of.....”

6. The principal Office shall not reassure or maintain with any one other Office a larger amount than it keeps at its own risk, unless by mutual consent.

7. When an extra premium shall become chargeable, the principal Office shall, after consultation with the other Offices interested, fix its amount, and the terms and conditions of the licence to be granted.

8. The principal Office shall not be entitled to demand consideration for the surrender of reassurances, unless it shall have paid a consideration for the cancelment of its own risk, nor shall it in any case, unless an agreement has been made to the contrary, have the right to prescribe the amount to be allowed in this behalf by the Offices reassured with.

9. The evidence produced in support of a claim on the principal Office shall, when admitted by such Office, be deemed sufficient by the Offices reassured with, and the sums guaranteed by the latter severally, shall become payable when and as the sum assured with the principal Office shall become payable.

10. Any question arising under a case of guaranty shall be referred to three principal officers of Life Assurance Companies; one to be selected by each Office interested, and the third by the two thus selected; and the decision of the majority of the three shall in all cases be final.

FORM OF PROPOSAL FOR REASSURANCE.

Proposal for Reassurance

Made by

To

| | |
|--|--|
| Name and designation of Party whose life is to be Assured. | |
| Age next Birth-day. | |
| Sum to be Assured. | |
| Term of Assurance, and whether with Participation of Profits or not. | |
| Mode in which the Reassurance is to be effected. | |

For all particulars in regard to the age, health, habits, &c., of the party above mentioned, reference is made to the documents herewith produced; and it is understood that the Office accepting the risk shall do so in terms of the printed “ Regulations to be observed in cases of Reassurance.”

Signed at, the.....day of.....18.....

(Signature).....Actuary or Secretary.

For the reasons referred to in our observations at p. 27 of this volume, the main object sought in effecting reassurances by endorsement on the original policy is now no longer needed, and it would seem to be preferable, in many points of view, to discontinue the practice, and in all cases to accept the policy usually issued by the Company. The conditions of policies, it is true, are often very different. But these differences it is obviously the precise object of the "Regulations" to ride over and to annul. We would therefore suggest that articles 4 and 5 be omitted.

In article 7 it may be well to insert the words "appear to" in the first line, and the words "with their concurrence, whether any shall be charged, &c." in the third line.

The provisions of article 8 are unsatisfactory, as being likely to lead to some injustice or disagreement. The most simple remedy would seem to be, to prescribe that a certain proportion of the premiums paid, say 35 per cent., shall always be allowed for surrender of these assurances. There does not seem any sufficient reason for the arrangements of the principal Office, on this head, being brought into consideration.

Thus amended, the "Regulations" would, probably, provide satisfactorily for all ordinary cases—the question of bonus excepted—and this, it will easily be seen, presents some difficulty. On the whole, it would appear to be the wisest course to arrange that all reassurances should be made on the non-participating scale—the object being, not to obtain any particular gain or advantage, but simply to reduce the amount of risk; and if this could be adopted, it would only be consistent that a table of rates should also be selected, in accordance with which all reassurances should be effected. As supplying such a desideratum, we venture to append a table suitable for the purpose, the rates being sufficiently high, and yet moderate, at all ages. If the principal Office desire to reassure with participation, a special contract on that point might be entered into.

With these modifications, the "Regulations" will assume the following form; and it seems to us that they would operate fairly and advantageously. The managers of Companies so estimating them would have no difficulty in giving in their adherence and signing the "understanding"; and if many did so, those who would not, must of course, be content to forego, to a great extent, a description of business which promises to be not only considerable in amount but rather more than ordinarily lucrative.

—ED. A. M.

REGULATIONS TO BE OBSERVED IN CASES OF REASSURANCE.

1. The Office receiving a proposal, and wishing to reassure, shall communicate to the Offices with which its reassurances are intended to be effected, every particular which shall come to its knowledge in relation to the proposal in question, or to any former proposals it may have received upon the same life, and shall give the necessary facilities for enabling such Offices to furnish themselves with certified copies of every document in its possession connected with such proposals.

2. The form of proposal shall be as follows:—

Proposal for Reassurance

Made by the.....Company
To the.....Company.

| | |
|--|--|
| Name and designation of Party whose life is to be Assured. | |
| Age next Birth-day. | |
| Sum to be Assured. | |
| Term of Assurance, and whether with Participation of Profits or not. | |

For all particulars in regard to the age, health, habits, &c., of the party above mentioned, reference is made to the documents herewith produced; and it is understood that the Office accepting the risk shall do so in terms of the printed "Regulations to be observed in cases of Reassurance."

Signed at....., the.....day of.....18.....

(Signature).....Actuary or Secretary.

3. When an acceptance of the proposal, in writing, signed by the actuary, secretary, or other principal officer, shall have been issued, the liability of the Office issuing such acceptance shall be held to have attached immediately on completion of the assurance with the principal Office, provided there shall be no undue delay in the payment of the reassurance premium.

4. Subject to the like proviso, the payment of renewal premiums to the principal Office shall be held as payment to the Offices reassured with.

5. The principal Office shall not reassure or maintain with any one other Office a larger amount than it keeps at its own risk, or pay a lower rate of premium than it receives itself, unless by mutual consent.

6. When an extra premium shall appear to become chargeable, the principal Office shall, after consultation with the other Offices interested, determine whether any shall be charged; and if so, what the rate shall be, and what the terms and conditions of the licence to be granted.

7. The principal Office shall be entitled, at any time, to demand consideration for the surrender of reassurances—such consideration to be at the rate of 35 per cent. upon the premiums paid.

8. The evidence produced in support of a claim on the principal Office

shall, when admitted by such Office, be deemed sufficient by the Offices reassured with; and the sums guaranteed by the latter severally, shall become payable when and as the sum assured with the principal Office shall become payable.

9. Any question arising under a case of guaranty shall be referred to three principal officers of Life Assurance Companies; one to be selected by each Office interested, and the third by the two thus selected; and the decision of the majority of the three shall in all cases be final.

Annual Premiums per Cent. for Reassurance of Risks without Participation.

| Age next Birthday. | Rate per Cent. | Age next Birthday. | Rate per Cent. | Age next Birthday. | Payments. |
|--------------------|----------------|--------------------|----------------|--------------------|-----------|
| £. s. d. | | £. s. d. | | £. s. d. | |
| 15 | 1 12 1 | 33 | 2 8 1 | 50 | 4 5 1 |
| 16 | 1 12 8 | 34 | 2 9 5 | 51 | 4 8 7 |
| 17 | 1 13 3 | 35 | 2 10 11 | 52 | 4 12 3 |
| 18 | 1 13 11 | 36 | 2 12 4 | 53 | 4 16 1 |
| 19 | 1 14 7 | 37 | 2 13 11 | 54 | 5 0 3 |
| 20 | 1 15 4 | 38 | 2 15 7 | 55 | 5 4 8 |
| 21 | 1 16 1 | 39 | 2 17 4 | 56 | 5 9 4 |
| 22 | 1 16 10 | 40 | 2 19 2 | 57 | 5 14 4 |
| 23 | 1 17 8 | 41 | 3 1 1 | 58 | 5 19 7 |
| 24 | 1 18 6 | 42 | 3 3 2 | 59 | 6 5 2 |
| 25 | 1 19 4 | 43 | 3 5 5 | 60 | 6 11 1 |
| 26 | 2 0 3 | 44 | 3 7 9 | 61 | 6 17 6 |
| 27 | 2 1 3 | 45 | 3 10 3 | 62 | 7 4 3 |
| 28 | 2 2 3 | 46 | 3 12 11 | 63 | 7 11 6 |
| 29 | 2 3 4 | 47 | 3 15 8 | 64 | 7 19 2 |
| 30 | 2 4 5 | 48 | 3 18 7 | 65 | 8 7 4 |
| 31 | 2 5 7 | 49 | 4 1 9 | 66 | 8 16 1 |
| 32 | 2 6 10 | | | | |

The Proposed Legislation for the Regulation of Insurance Companies.

THE remarkable change which has taken place within the last two or three years in the position and circumstances of these institutions has very much tended to allay the desire, so generally expressed formerly, for legislative interference, with a view to their better regulation. The impression, by which so many well-informed persons seemed to be actuated, that they might be multiplied with advantage almost indefinitely, appears now to have become thoroughly eradicated; and in its place a conviction seems to have arisen that the country cannot support a very large number of these Companies, and that the sooner the existing ones even are reduced in number the better. Be this as it may, we cannot but regard the rational and moderate ideas now prevailing on this subject as a vast improvement on the extravagant